

NRB

National Religious Broadcasters

An Association of Christian Communicators

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April 30, 2002

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ORIGINALFEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Re: Application of EchoStar Communications Corporation,
General Motors Corporation, Hughes Electronics Corporation, Transferors,
and EchoStar Communications Corporation, Transferee,
for Authority to Transfer Control, CS Docket No. 01-348

Dear Ms. Dortch:

National Religious Broadcasters Association ("NRB"), pursuant to Section 1.1206(b)(1) of the Commission's rules, hereby submits two copies of a written *ex parte* in the above-referenced proceeding. NRB, the nation's leading association of religious stations and programmers, respectfully submits that allowing the only two providers of direct broadcast satellite ("DBS") facilities—*i.e.*, EchoStar and DIRECTV—to combine would deny approximately 3.1 million households a choice in multichannel video programming distribution. As a result, the combined company would have the ability and the incentive to behave in an anticompetitive manner vis-à-vis unaffiliated video programmers—including religious broadcasters—that seek to reach *all* Americans, including those that reside in areas not served by cable. This would lead to less diversity in programming, thereby harming the public interest, convenience, and necessity. Accordingly, and as detailed in the attached written *ex parte*, NRB urges the Commission to block the merger of EchoStar and DIRECTV.

Kindly direct any questions regarding this matter to the undersigned.

Respectfully submitted,



Glenn R. Plummer
Chairman and CEO

Attachment

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Chairman Michael K. Powell
Federal Communications Commission
8B-201
445 12th Street, SW
Washington, DC 20554

Re: Application of EchoStar Communications Corporation,
General Motors Corporation, Hughes Electronics Corporation, Transferors,
and EchoStar Communications Corporation, Transferee,
for Authority to Transfer Control, CS Docket No. 01-348

Dear Chairman Powell:

National Religious Broadcasters Association ("NRB"), for the reasons set forth in the attached press release and memorandum, urges the Commission to block the proposed merger of EchoStar and DIRECTV.

Kindly direct any questions regarding this matter to the undersigned.

Respectfully submitted,


Glenn R. Plummer
Chairman and CEO

Attachment

cc: Marlene H. Dortch, Secretary

Religious Broadcasters Oppose EchoStar **Take-Over of DIRECTV**

National Religious Broadcasters (“NRB”), the nation’s leading association of religious stations and programmers, opposes the proposed acquisition of DIRECTV by EchoStar. This merger would eliminate one of only two providers of direct broadcast satellite (“DBS”) facilities—thereby effectively eliminating competition in multichannel video distribution for several million American viewers that are not reached by cable.

- ***Access to viewers is critical to the success of a video programming service.*** Simply put, a video programming service must have access to its target audience. Put another way, without such access, a video programming service cannot survive—and certainly cannot maximize its effectiveness.
- ***Religious broadcasters, in particular, have an intense interest in making sure their programming is available to all potential viewers.*** All video programming services benefit from the ability to get their content in front of every potential television viewer: the greater the subscriber (or advertising) base, the greater the potential revenue. However, certain video programmers have a fundamental interest in audience maximization that extends beyond financial considerations. In particular, Christian broadcasters are committed to the Biblical mandate to share the “Good News” with all who will listen.
- ***Video programmers—and subscribers to their programming—benefit significantly from the presence of competitive multichannel video programming distribution (“MVPD”) choice.*** When consumers have options for their source of multichannel video programming, competition amongst those delivery platforms provides an incentive to offer subscribers the widest possible range of video programming services. This competitive environment, in turn, creates a greater opportunity for video programmers to get their services carried on those delivery platforms.

- ***Allowing EchoStar to acquire DIRECTV effectively would eliminate MVPD competition in those areas not served by cable.*** According to the Federal Communications Commission (“FCC”), approximately 3.1 million television households do not have access to cable. For these consumers, DBS providers—*i.e.*, EchoStar’s Dish Network and DIRECTV—are the only significant sources of multichannel video programming. Approval of the acquisition of DIRECTV by EchoStar would eliminate one of only two providers of DBS facilities, thereby creating a single MVPD facing no meaningful competition in those areas not served by cable.¹
- ***The combined EchoStar/DIRECTV would have the ability and incentive to engage in anticompetitive behavior vis-à-vis video programming services seeking to reach all Americans—especially those that live in areas not served by cable.*** Approval of this transaction would leave those consumers that do not have access to cable with only one option: the combined EchoStar/DIRECTV. As a result, EchoStar/DIRECTV would have no incentive to provide subscribers in those areas with the full range of programming they desire. This, in turn, would place video programmers—including religious broadcasters—that seek to serve those consumers at a distinct competitive disadvantage in their carriage negotiations with the combined company.
- ***Accordingly, EchoStar should not be permitted to acquire DIRECTV.*** In order to ensure that consumers in non-cable areas continue to reap the benefits of MVPD competition (lower costs, greater programming choices, and greater programming diversity), EchoStar’s proposed acquisition of DIRECTV should be rejected.

¹ While there is a third FCC-licensed DBS satellite provider, the Christian owned and operated Sky Angel, that licensee does not operate its own satellite facilities; instead, it relies upon transponders on an EchoStar satellite. Thus, EchoStar and DIRECTV are the only two providers of DBS facilities serving the U.S. As such, the existence of Sky Angel does not alter the fact that continued facilities-based DBS competition remains critical to the success of religious broadcasters not affiliated with the Sky Angel service—to say nothing of secular programming services—that strive to serve all, including rural, Americans.



National Religious Broadcasters

An Association of Christian Communicators

NATIONAL RELIGIOUS BROADCASTERS ASSOCIATION OPPOSES THE DIRECTV/ECHOSTAR MERGER

On October 28, 2001, EchoStar Communications Corporation ("EchoStar") and Hughes Electronics ("Hughes"), a subsidiary of General Motors Corp., announced their intent to merge. If approved, this transaction would combine the only two providers of direct broadcast satellite ("DBS") facilities, Hughes' DIRECTV and EchoStar's DISH Network.

National Religious Broadcasters Association ("NRB"), the nation's leading association of religious stations and programmers, opposes this transaction because it would harm the ability of video programmers whose goal is to reach *all* Americans (e.g., religious broadcasters) to reach the approximately 3.1 million households for which DIRECTV and DISH Network today are the only sources of multichannel video programming.

Over 96 percent of U.S. households obtain multichannel video programming services from two sources: cable and DBS. Where both options are available, consumers today have at least three choices: their local cable operator, DIRECTV, and DISH Network. In those (predominantly rural) areas where cable is not offered, however, approval of this transaction effectively would eliminate MVPD competition.

One of the many ways that consumers benefit from MVPD competition is through greater programming diversity. That is because competing MVPDs, in order to attract and retain subscribers, strive to offer the widest possible range of content. But if this merger were approved, the combined company would no longer be subject to such positive competitive pressure. To the contrary, the absence of rivals would provide it with the ability and incentive to engage in anticompetitive behavior vis-à-vis those programmers that seek to reach *all* Americans, and for which cable carriage is therefore an inadequate substitute. This includes Christian broadcasters, which are committed to the Biblical mandate to share the "Good News" with all who will listen.

Thus, in order to ensure that consumers—particularly those consumers that live in areas not served by cable—continue to have access to a diverse array of content, this proposed merger must be denied.

* * *

NRB is an association of more than 1,490 Christian communicators that fosters electronic media access for the Gospel; promotes standards of excellence, integrity and accountability; and provides networking and fellowship opportunities for its members. NRB membership represents Christians across the full ministry, denominational and racial spectrum—including organizations and individuals who are called to confront issues and engage in public policy, as well as those dedicated to preach, teach and evangelize.